

Message Text

LIMITED OFFICIAL USE

PAGE 01 TEHRAN 06086 260951Z
ACTION EB-08

INFO OCT-01 NEA-11 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 SSO-00
NSCE-00 INRE-00 /035 W
-----043299 260954Z /10
O 260829Z JUN 78
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC IMMEDIATE 9080

LIMITED OFFICIAL USE TEHRAN 6086

EO 11652: N/A
TAGS: EAIR, IR
SUBJ: CIVAIR: PAN AM SCHEDULE CHANGE

REF: STATE 157424

1. E/C COUNSELOR SPOKE WITH DGCA MONIRI JUNE 24 ON PAN AM SCHEDULE CHANGE TO SEE IF A WAY COULD BE FOUND TO ALLOW PAN AM TO SUBSTITUTE BOMBAY FOR CALCUTTA. EMBASSY DELAYED ONE DAY FILING REPORT OF THIS CONVERSATION IN THE HOPE OF COMBINING MONIRI'S CONVERSATION WITH RESULTS OF CHARGE'S FURTHER TALK WITH KAZEMI (AS SUGGESTED BY MINORI, BELOW). HOWEVER, EMBASSY UNSUCCESSFUL IN REACHING KAZEMI JUNE 25 BUT WILL CONTINUE EFFORTS TO SPEAK WITH HIM TODAY, JUNE 26. IN CONVERSATION WITH MONIRI, EMBOFF DREW UPON POINTS GIVEN IN REFTEL AND PRVIOUS CABLES FROM DEPARTMENT, CONCLUDING WITH BLUNT OBSERVATION TO MONIRI THAT USG VERY DISAPPOINTED WITH ATTITUDE GOI AND IRAN AIR MANIFESTING ON THIS MATTER. SUBSTANCE OF CONVERSATION FOLLOWS.

2. MONIRI, PERHAPS MILDLY DISCOMFITED OVER TURN OF EVENTS (PARTICULARLY GENERAL KHADEMI'S VETO OF PROPOSED PAN AM SCHEDULE CHANGE WHICH THEORITICALLY ONLY MFA AND DGCA ALONE CAN PASS UPON), SAID THAT HE KNEW WASHINGTON MUST BE UNHAPPY
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TEHRAN 06086 260951Z

WITH WHAT HAS OCCURRED. HE WAS FRANK TO SAY THAT PAN AM'S SCHEDULE CHANGE STRIKES HIM AS REASONABLE PROPOSITION AND ONE THAT HE WAS DISPOSED TO LOOK UPON FAVORABLY. FACT IS, HE SAID, THAT HIS HANDS WERE TIED AND KHADEMI'S EASY ACCESS TO SHAH AS REGARDS ALL MATTERS WHICH AFFECT IRAN AIR IS "A REAL PROBLEM" FOR HIM. RESPONDING TO EMBOFF'S COMMENT THAT REVENUE IMPLICATIONS FOR IRAN AIR GIVEN BOMBAY SUBSTITUTION SEEM

MARGINAL AT WORST WHEN RISING MARKET DEMAND CONSIDERED, MONIRI REPLIED TO THE EFFECT THAT IRAN AIR PERENNIALY APPREHENSIVE, EVEN DOWNRIGHT FEARFUL, OF ALL COMPETITION. MONIRI SAID HE PERSONALLY THINKS THAT GENERAL KHADEMI IS TAKING AN EXAGGERATED VIEW OF BOMBAY SUBSTITUTION WHEN LATTER SAID IN HIS MEETING WITH DGCA AND MFA'S KAZEMI THAT THIS "WILL KILL IRAN AIR AND I'LL PROTEST TO SHAH." NONETHELESS, HE SAID THAT HE WAS POWERLESS TO ACT UNILATERALLY TO OVERRULE IRAN AIR'S PRESIDENT.

3. WHEN PRESSED TO COMMENT ON WHAT WOULD BE REQUIRED FOR THE DGCA TO RULE FAVORABLY ON PAN AM'S SCHEDULE CHANGE, MONIRI REPLIED THAT IF MFA WERE TO HAVE NO OBJECTION TO BOMBAY SUBSTITUTION, THEN HE WOULD ISSUE THE NECESSARY CONCURRENCE ON HIS PART. HE ASKED EMBOFF TO CONVEY SUBSTANCE THIS CONVERSATION AND TO GET IN TOUCH WITH KAZEMI TO SEE WHAT COULD BE DONE ON THAT END. EMBASSY RECOGNIZES FULLY PROBABILITY THAT WE BEING WHIPSAWED BY THE DGCA AND MFA, WITH EACH TELLING US THAT HE WILL RAISE NO OBJECTION TO BOMBAY SUBSTITUTION PROVIDED THE OTHER DOES NOT.

4. REGARDING DEPARTMENT'S WISH FOR EMBASSY COMMENT ON KHADEMI'S LOSS OF REVENUE ARGUMENT (PARA 2 REFTTEL), EMBASSY CAN ONLY SAY THAT BASED UPON OUR EXPERIENCE WITH GENERAL KHADEMI IT SEEMS CLEAR THAT SPECTRE OF INCREASED COMPETITION ON ANY ROUTE WHICH IRAN AIR FLIES WEIGHS FAR MORE HEAVILY IN HIS THINKING THAN DOES MORE RATIONAL ARGUMENT OF IRAN AIR AND LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 TEHRAN 06086 260951Z

PAN AM (AND OTHER CARRIERS) SHARING IN A SITUATION OF "STRONG MARKET DEMAND." WHILE GENERAL KHADEMI HAS BEEN DISINCLINED TO SHARE WITH US HIS THOUGHTS ON WHAT HE THINKS WOULD BE AN EQUITABLE DISTRIBUTION OF CAPACITY ON COMMON ROUTES (AS HE WOULD SEE IT), EMBASSY BELIEVES HE IS FEARFUL ABOUT PAN AM "DOMINANCE." IT IS INCONTESTABLE, EMBASSY BELIEVES, THAT PAN AM IS A FAR BETTER-RUN AIRLINE THAN IS IRAN AIR, WITH A BETTER RECORD OF SERVICE TO THE TRAVELING PUBLIC, NOW AND IN THE PAST, THAN IS THE CASE WITH IRAN AIR. GENERAL KHADEMI MUST KNOW THIS. NEVERTHELESS, IRAN AIR HAS GROWN TO BECOME AN ORGANIZATION RECORDING PROFITS OF FORTY TO FIFTY MILLION DOLLARS A YEAR, AND THIS HAS OCCURRED TO SOME EXTENT BECAUSE OF IRAN AIR'S HAVING FENDED OFF COMPETITION, BOTH INTERNALLY AND EXTERNALLY, WHEREVER IT COULD. IRAN AIR IS NOT UNIQUE IN THIS REGARD BUT IRAN AIR'S ABHORRENCE OF GREATER COMPETITION HAS BEEN RAISED TO A FINE ART. KOREAN AMBASSADOR TOLD CHARGE RECENTLY THAT HE HAS BEEN TRYING WITHOUT SUCCESS FOR SEVERAL YEARS TO OBTAIN PERMISSION FOR KOREAN AIRLINE TO FLY SEOUL TO TEHRAN. HE HAS RAISED ISSUE WITH PRINCE AND SHAH, BOTH OF WHOM REFERRED HIM BACK TO GENERAL KHADEMI.

5. AS DEPARTMENT AWARE, BOMBAY-TEHRAN RUN IS CURRENTLY SERVICED

BY JAPAN AIR, AIR FRANCE, AIR INDIA, ALITALIA AND BRITISH AIRWAYS,
IN ADDITION TO IRAN AIR. PAN AM STATISTICS SHOW TOTAL PASSENGERS
ON THIS RUN (IN AND OUT) IN JANUARY AND FEBRUARY TO BE 4075 OF
WHICH IRAN AIR HAD 2345. KHADEMI CLEARLY BELIEVES THAT FOUR
PAN AM 747 FLIGHTS PER WEEK COULD SERIOUSLY CUT INTO IRAN AIR'S
TRAFFIC.

6. RESULTS OUR CONVERSATION WITH KAZEMI, IF WE ARE SUCCESSFUL
IN REACHING HIM, WILL BE TRANSMITTED PROMPTLY.
NAAS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIR SCHEDULES
Control Number: n/a
Copy: SINGLE
Draft Date: 26 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TEHRAN06086
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780264-0520
Format: TEL
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780618/aaaaapyi.tel
Line Count: 125
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1937667f-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 157424
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2201956
Secure: OPEN
Status: NATIVE
Subject: CIVAIR: PAN AM SCHEDULE CHANGE
TAGS: EAIR, IR, PANAM
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/1937667f-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014